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Yugoslavia

Grain and Feed

Wheat and Barley - Fall Planting

2002

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Report Highlights: Heavy rainfall has waterlogged fields and stopped farmers from sowing almost 40 of forecast wheat area planted. Low fertilizer use and mediocre seed quality will also lead to lower output for wheat in the next marketing year. A promise of government production subsidies for oilseeds discouraged some farmers from planting wheat and barley. Overall wheat production in MY03 could fall by 30 percent to below 2 million metric tons – which would not satisfy Yugoslav domestic consumption needs.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Sofia [BU1], YI

Wheat

As of November 30, almost 40 percent of intended plantings (acreage) to wheat and barley was not sown due to rains. During October 2002, the northern and central parts of Serbia received between 50 to 100 percent more rainfall than average (i.e. 50 mm is a "normal" year). Thus, October, as the optimum month for fall planting, was lost by Serbian farmers and planting of the winter crops was delayed for one full month. During November conditions for sowing improved, with dry and mild weather.

By the end of November, farmers had sown 480,000 HA of wheat compared to 700,000 HA planted on average (10 year average, for Serbia only). Serbian farmers originally had reported intentions to sow 620,000 HA of wheat, down from around 700,000 HA sown last year. The minimum wheat area needed in Serbia is 500,000 HA; with an average yield per hectare of 4 MT to add up to total annual production of 2 million MT for domestic consumption needs.

In 2003, the Serbian government is planning production subsidies for plantings of soybeans and sunflower. This recent announcement caused a reduction in areas planted to winter wheat. A second reason for the reduction in wheat area planted was the State's decision to purchase less wheat through the State Stocks (Robne Rezerve) for export this year compared to the quantities bought/exported in previous years. The State Stocks announced they would purchase 200,000 MT of wheat (140,000 MT from Vojvodina and 60,000 MT from Central Serbia) and 30,000 MT of seed wheat during the 2003 marketing year. First class wheat (bread quality) will receive 8 dinars per kilo (\$133 MT/HA), while second class wheat (feed quality) will be purchased at 7 dinars per kilo (\$117 MT/HA).

If world prices for wheat remain at current levels, then the 200,000 MT of wheat exported through the Serbian State Stocks office would be probably the only wheat exported from Yugoslavia in the coming year. Serbia's main local competitors are Hungary which has a current wheat price of \$101 MT CIF Danube Ports and the Ukraine with a current wheat price of \$106 MT CIF Black Sea. Commercially, it is unlikely that Serbian companies will be able to compete in the world market due to the artificially high domestic price. The current price of wheat on the Yugoslav market is 6.5 to 6.7 Yugoslav dinars per kilo (\$110 to \$120 per metric ton) basis on-farm.

Reduced fertilizer usage will also limit the size of Serbia's MY 2003 wheat crop. With late sowing, inadequate use of fertilizers and poor quality seeds, it will be difficult for yields to reach the 4 MT/ hectares forecast by Serbian officials. A more realistic forecast is for yields in MY 2003 to be roughly 3.5 MT per hectare. Serbia consumes up to 500,000 MT of fertilizers per year (2001), which is half the level used in 1990 (i.e. pre-war). The fall 2002 price for fertilizer is 12 Yugoslav dinars per kilo (\$2 per kilo), which is quite high given local income standards. A government scheme to provide inputs requires farmers to barter 2 kilos of wheat in exchange for 1 kilo of fertilizer. It is estimated that Serbia will need 800,000 MT of fertilizers for the spring 2003 planting season.

The Serbian government issued an official announcement on 12/10/02 that winter wheat seeding was completed on 583,900 HA. Wheat was planted on 322,500 HA in Vojvodina or 96 percent of the planned area of 336,000 HA and on 261,400 HA in Central Serbia or 92 percent of the previously forecast 284,000 HA. Yields are lower in Central Serbia.

Barley

Fall sowing of barley was also delayed this year. October was "lost" due to heavy rainfall and barley planting was completed in the month of November. Total area planted to winter barley is 87,245 HA or 92 percent of the forecast 95,000 HA. Overall area planted to barley in MY2003 should be almost the same as last year (2002), when winter and spring barley area was at 120,000 HA. Thus, a slightly increased area planted to spring barley is forecast in 2003. The anticipated average yield for barley in Serbia is between 2.5 and 3.5 MT/ HA. Yields are forecast at 2.5 MT/HA due to delayed planting and reduced usage of fertilizers. The current price of barley on the domestic market is 5.25 Yugoslav dinars/kilo (\$87.50 per metric ton).